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FM AMEMBASSY JAKARTA

TO RUEHC/SECSTATE WASHDC IMMEDIATE 0005

INFO RUEHZS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS PRIORITY

RUEHLMC/MILLENNIUM CHALLENGE CORP PRIORITY 0070

RUEHBY/AMEMBASSY CANBERRA 2998

RUEHLM/AMEMBASSY COLOMBO 1263

RUEHKA/AMEMBASSY DHAKA 1232

RUEHNE/AMEMBASSY NEW DELHI 2198

RUEHKO/AMEMBASSY TOKYO 2462

RUEHWL/AMEMBASSY WELLINGTON 3037

RUEHHK/AMCONSUL HONG KONG 2944

RUEHBAD/AMCONSUL PERTH 1108

RUEAIIA/CIA WASHDC

RUEAWJA/DEPT OF JUSTICE WASHDC

RUEATRS/DEPT OF TREASURY WASHDC

RHEFDIA/DIA WASHINGTON DC

RHMCSUU/FBI WASHINGTON DC

RHEHNSC/NSC WASHDC

RUEKJCS/SECDEF WASHDC

RHHJJPI/USPACOM HONOLULU HI

C O N F I D E N T I A L SECTION 01 OF 02 JAKARTA 001691

SIPDIS

DEPT FOR EAP, EAP/MTS, EAP/MLS, INL

INL FOR ROESS/BARCLAY

DEPT FOR EEB/IFD/OMA

DOJ/OPDAT FOR LEHMANN/ALEXANDRE/JOHNSON

MCC FOR LONGI

SINGAPORE FOR BAKER

TREASURY FOR M.NUGENT

NSC FOR E.PHU

E.O. 12958: DECL: 09/05/2018

TAGS: [PGOV](#) [KJUS](#) [KCOR](#) [ID](#)

SUBJECT: CONVICTION IN KEY CORRUPTION CASE

REF: JAKARTA 1560 AND PREVIOUS

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Classified By: Pol/C Joseph L. Novak, reasons 1.4(b+d).

11. (C) SUMMARY: Indonesia's Anti-Corruption Court has convicted a former top anti-corruption prosecutor of accepting a USD \$600,000 bribe in exchange for dropping a corruption investigation. He was sentenced to 20 years in prison. The conviction and stiff sentence--which received extensive media coverage--was another victory for the Corruption Eradication Commission (KPK), which is increasingly targeting current and former high-level government officials and their associates. The conviction should encourage additional investigations. The USG is helping the anti-corruption effort via targeted assistance.
END SUMMARY.

A KEY CONVICTION

12. (U) There is major news on the anti-corruption front in Indonesia. On September 4, the Anti-Corruption Court convicted Urip Tri Gunawan of accepting a USD \$600,000 bribe in exchange for dropping the investigation into the misappropriation of "BLBI" funds by a business tycoon, Sjamsul Nursalim (see reftels). On July 29, Nursalim's associate, Artalyta Suryani, was convicted of delivering the bribe and sentenced to five years in prison. In addition to the Nursalim bribe, Gunawan was convicted of blackmailing the former head of the National Bank Restructuring Agency (BPPN), Glen Surya Yusuf. (Note: The BLBI case involves emergency liquidity credits extended by Bank Indonesia, BI, the central bank, to commercial banks during the 1997-1998 financial

crisis. Of the USD \$16 billion BLBI loans issued since 1997, approximately one-third have not been repaid.)

¶13. (C) Discussing the verdict, the presiding judge stated that the defendant had been proved guilty of "commercializing" his position for personal gain. The panel of judges fined Gunawan USD \$54,350 and sentenced him to a 20-year jail term. The sentence was harsher than that originally sought by the Corruption Eradication Commission (KPK) prosecutors. According to the judges, Gunawan had been "discriminatory" in upholding the law, had never accepted responsibility, and had been "circuitous" when testifying in court. They elaborated that his position in the Attorney General's Office (AGO) constituted an aggravating circumstance. They also stated that they hoped this sentence would serve as a "strong deterrent" to other law enforcers and their apparent "permissive attitude" toward corruption.

¶14. (C) Contacts at the Attorney General's Office told us they were surprised at the severity of the sentence. In conversations with poloff, KPK agents stated that their investigative strategy was to target alleged corrupters, who were central to multiple corruption scandals. Using this strategy, they stated that they were able to investigate multiple corrupters and corruption crimes simultaneously, with the goal that a conviction in one case would uncover other corrupters. They hoped that other law enforcement agencies would be encouraged by the success of the KPK and would use its strategies to investigate other corruption cases.

CONTINUING THE INVESTIGATION

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¶15. (C) The KPK continues to investigate Bank Indonesia and BLBI-related corruption cases (reflets). These include investigations into: two members of President Yudhoyono's Cabinet (the ministers of National Development Planning and Forestry); former BI governor Burhanuddin Abdullah; former BI deputy governor Aulia Pohon (Pohon is the father-in-law of Agus Harimurti Yudhoyono, the eldest son of President Yudhoyono); as well as 52 former House of Representatives (DPR) members, who allegedly received payouts related to the BLBI scandal.

PRESSURE MOUNTS FOR AGO TO RE-OPEN INVESTIGATION

¶16. (SBU) In the meantime, the Attorney General's Office is under pressure to re-open its BLBI investigation. On September 4, Assistant Attorney General for Special Crimes Marwan Effendi stated that the conviction of Gunawan would not affect the AGO's decision to close the investigations into the BLBI case. He stated that reopening the BLBI case would violate several regulations.

¶17. (SBU) Members of the DPR Commission III on legal affairs stated on September 7 that they would encourage the AGO to investigate the possible involvement of other prosecutors in the bribery case. (Note: On September 4, Attorney General Hendarman announced that eleven other prosecutors were under internal AGO investigation for conspiring with Gunawan.) The lawmakers also stated that the KPK should consider investigating the other BLBI-related corruption cases. The Commission III has scheduled a hearing on September 8 to encourage the AGO to re-open the BLBI case.

POSITIVE NEWS

¶18. (C) As reviewed above, the Gunawan conviction should spur on additional investigations. The KPK is clearly doing a very credible job. The Attorney General's Office is under significant pressure to do more. In general, the GOI is under a great deal of pressure--Indonesians are clearly watching closely and urging further action. The USG continues to help the process via targeted assistance.

